

AMENDED IN SENATE JUNE 19, 2013

AMENDED IN ASSEMBLY APRIL 9, 2013

AMENDED IN ASSEMBLY MARCH 18, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 511**

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**Introduced by Assembly Member Pan**

February 20, 2013

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An act to add and repeal Article 12 (commencing with Section 18830) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 511, as amended, Pan. Income taxes: voluntary contributions: American Red Cross, California Chapters Fund.

The Personal Income Tax Law authorizes taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would authorize taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the American Red Cross, California Chapters Fund, which is created by this bill. This bill would require that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board and the Controller for reimbursement and to the Office of Emergency Services to disburse the moneys to the American Red Cross, California Chapters for planning and implementing programs for disaster relief, and to ensure state oversight of that disbursement, as prescribed. This bill also would require a plan for the use of these contributions to be submitted to the Office of Emergency Services, as provided.

This bill would provide that these voluntary contribution provisions are inoperative and repealed on the earlier of the following: inoperative on January 1 of the 5th taxable year following the first appearance of the fund on the tax return and repealed on December 1 of that taxable year or inoperative for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount for subsequent taxable years, and repealed on December 1 of that calendar year.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 12 (commencing with Section 18830) is  
2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and  
3 Taxation Code, to read:

4  
5 Article 12. American Red Cross, California Chapters Fund  
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7 18830. (a) An individual may designate on the tax return that  
8 a contribution in excess of tax liability, if any, be made to the  
9 American Red Cross, California Chapters Fund established by  
10 Section 18831.

11 (b) A contribution shall be in a full dollar amount and may be  
12 made individually by each signatory on a joint return.

13 (c) A designation made under subdivision (a) shall be made for  
14 any taxable year on the original return for that taxable year, and  
15 once made shall be irrevocable. In the event that payments and  
16 credits reported on the return, together with any other credits  
17 associated with the taxpayer's account do not exceed the taxpayer's  
18 tax liability, if any, the return shall be treated as though no  
19 designation had been made. In the event that no designee is  
20 specified, the contribution shall, after reimbursement of the direct  
21 actual costs of the Franchise Tax Board for the collection and  
22 administration of funds under this article, be transferred to the  
23 General Fund.

24 (d) If an individual designates a contribution to more than one  
25 account or fund listed on the tax return, and the amount available  
26 is insufficient to satisfy the total amount designated, the

1 contribution shall be allocated among the designated accounts on  
2 a pro rata basis.

3 (e) The Franchise Tax Board shall revise the form of the return  
4 to include a space labeled the “American Red Cross, California  
5 Chapters Fund” to allow for the designation permitted under  
6 subdivision (a). The form shall also include in the instructions  
7 information that the contribution may be in the amount of one  
8 dollar (\$1) or more and that the contribution shall be used by the  
9 American Red Cross, California Chapters for planning and  
10 implementing programs for disaster relief in California. The  
11 American Red Cross Capital Region Chapter, on behalf of the  
12 American Red Cross, California Chapters, shall submit to the  
13 Office of Emergency Services within 60 days of receiving the  
14 contributions from the Office of Emergency Services, a plan for  
15 the use of the contributions received under the act.

16 (f) Notwithstanding any other provision, a voluntary contribution  
17 designation for the American Red Cross, California Chapters Fund  
18 shall not be added on the tax return until another voluntary  
19 contribution designation is removed *or as soon as space is*  
20 *available*.

21 (g) A deduction shall be allowed under Article 6 (commencing  
22 with Section 17201) of Chapter 3 of Part 10 for any contribution  
23 made pursuant to subdivision (a).

24 18831. There is hereby established in the State Treasury the  
25 American Red Cross, California Chapters Fund to receive  
26 contributions made pursuant to Section 18830. The Franchise Tax  
27 Board shall notify the Controller of both the amount of money  
28 paid by taxpayers in excess of their tax liability and the amount  
29 of refund money that taxpayers have designated pursuant to Section  
30 18830 to be transferred to the American Red Cross, California  
31 Chapters Fund. The Controller shall transfer from the Personal  
32 Income Tax Fund to the American Red Cross, California Chapters  
33 Fund an amount not in excess of the sum of the amounts designated  
34 by individuals pursuant to Section 18830 for payment into that  
35 fund.

36 18832. All money transferred to the American Red Cross,  
37 California Chapters Fund, upon appropriation by the Legislature,  
38 shall be allocated as follows:

1 (a) To the Franchise Tax Board and the Controller only for  
2 reimbursement of all costs incurred by the Franchise Tax Board  
3 and the Controller in connection with their duties under this article.

4 (b) (1) (A) To the Office of Emergency Services to disburse  
5 the moneys to the American Red Cross, California Chapters, for  
6 the purposes set forth in Section 18830, and to ensure state  
7 oversight of that disbursement.

8 (B) *All moneys allocated pursuant to subparagraph (A) may be*  
9 *carried over from the year in which they were received.*

10 (2) The American Red Cross, California Chapters shall not use  
11 more than 5 percent of the moneys received pursuant to this article  
12 for administrative costs.

13 18833. (a) Except as otherwise provided in paragraph (2) of  
14 subdivision (b), this article shall remain in effect only until January  
15 1 of the fifth taxable year following the first appearance of the  
16 American Red Cross, California Chapters Fund on the personal  
17 income tax return, and is repealed as of December 1 of that year.

18 (b) (1) By September 1 of the second calendar year and each  
19 subsequent calendar year that the American Red Cross, California  
20 Chapters Fund appears on the tax return, the Franchise Tax Board  
21 shall do all of the following:

22 (A) Determine the minimum contribution amount required to  
23 be received during the next calendar year for the fund to appear  
24 on the tax return for the taxable year that includes that next calendar  
25 year.

26 (B) Determine whether the amount of contributions estimated  
27 to be received during the calendar year will equal or exceed the  
28 minimum contribution amount determined by the Franchise Tax  
29 Board for the calendar year pursuant to subparagraph (A). The  
30 Franchise Tax Board shall estimate the amount of contributions  
31 to be received by using the actual amounts received and an estimate  
32 of the contributions that will be received by the end of that calendar  
33 year.

34 (2) If the Franchise Tax Board determines that the amount of  
35 the contributions estimated to be received during a calendar year  
36 will not at least equal the minimum contribution amount for the  
37 calendar year, this article is inoperative with respect to taxable  
38 years beginning on or after January 1 of that calendar year, and  
39 shall be repealed on December 1 of that calendar year.

1 (3) For purposes of this section, the minimum contribution  
2 amount for a calendar year means two hundred fifty thousand  
3 dollars (\$250,000) for the second calendar year after the first  
4 appearance of the American Red Cross, California Chapters Fund  
5 on the personal income tax return or the minimum contribution  
6 amount as adjusted pursuant to subdivision (c).

7 (c) For each calendar year, beginning with the third calendar  
8 year after the first appearance of the American Red Cross,  
9 California Chapters Fund on the personal income tax return, the  
10 Franchise Tax Board shall adjust, on or before September 1 of that  
11 calendar year, the minimum contribution amount specified in  
12 subdivision (b) as follows:

13 (1) The minimum contribution amount for the calendar year  
14 shall be an amount equal to the product of the minimum  
15 contribution amount for the prior calendar year multiplied by the  
16 inflation factor adjustment as specified in subparagraph (A) of  
17 paragraph (2) of subdivision (h) of Section 17041, rounded off to  
18 the nearest dollar.

19 (2) The inflation factor adjustment used for the calendar year  
20 shall be based on the figures for the percentage change in the  
21 California Consumer Price Index for all items received on or before  
22 August 1 of the calendar year pursuant to paragraph (1) of  
23 subdivision (h) of Section 17041.

24 (d) Notwithstanding the repeal of this article, any contribution  
25 amounts designated pursuant to this article prior to its repeal shall  
26 continue to be transferred and disbursed in accordance with this  
27 article as in effect immediately prior to that repeal.